

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 INR-10 INRE-00 NEAE-00 SS-15 SSO-00  
/036 W

-----130245 231439Z /40 R

O 231224Z FEB 78  
FM AMEMBASSY TEL AVIV  
TO SECSTATE WASHDC IMMEDIATE 1423  
INFO AMEMBASSY AMMAN  
AMEMBASSY BONN  
AMEMBASSY CAIRO PRIORITY  
:AMEMBASSY DAMASCUS 26  
AMEMBASSY JIDDA  
AMEMBASSY KUWAIT  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY TEHRAN  
USMISSION USUN NY  
WHITE HOUSE IMMEDIATE  
USCINCERU

C O N F I D E N T I A L SECTION 1 OF 2 TEL AVIV 2465

E.O. 11652: GDS  
TAGS: PDEV, PBOR, IS  
SUBJECT: CABINET POSITIONS ON FUTURE SETTLEMENT POLICY

REF: A. STATE 44824; B. TEL AVIV 2308; C. TEL AVIV 2256

1. SUMMARY: THE CABINET FACES A MAJOR DECISION SUNDAY  
ON FUTURE SETTLEMENT POLICY. THE POSITIONS OF MINISTERS  
TEND TO REFLECT TO SOME DEGREE THEIR VIEWS ON NEGOTIATIONS  
WITH EGYPT AS WELL AS ON SETTLEMENTS PER SE. FURTHER  
COMPLICATING THE PICTURE IS THE BEGINNING OF A POWER  
STRUGGLE BETWEEN MINISTERS IN WHICH GOI POLICY ON  
SETTLEMENTS IS CONSIDERED THE FIRST BATTLE. BEGIN WILL  
PLAY THE KEY ROLE BUT HAS YET TO DISCLOSE HIS VIEWS. END  
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SUMMARY.

2. THE CABINET, SITTING AS THE MINISTERIAL COMMITTEE  
FOR SECURITY AFFAIRS ON FEBRUARY 20, FINISHED ONLY  
THE FIRST PART OF ITS DEBATE ON FUTURE GOI SETTLE-  
MENT POLICY. SPEAKING IN SUPPORT OF A MORE MODERATE  
APPROACH WERE WEIZMAN, EHRLICH, AND PATT. THEY ARGUED

THAT SETTLEMENTS ARE NOT AN END IN THEMSELVES AND MUST BE PUT IN THE CONTEXT OF THE NEGOTIATIONS WITH EGYPT. THEIR SUGGESTED POLICY IS A FREEZE ON THE ESTABLISHMENT OF NEW SETTLEMENTS IN THE SINAI WHILE NEGOTIATIONS WITH EGYPT ARE IN PROGRESS. IN ADDITION, THEY FEEL THAT SETTLEMENT ON THE WEST BANK SHOULD BE DISCUSSED IN THE APPROPRIATE GOVERNMENTAL FRAMEWORK, WHICH WILL DEAL WITH PLANNING THE LOCATION OF SETTLEMENTS, THE TIMING OF THEIR ESTABLISHMENT AND ALLOCATION OF RESOURCES. THIS LATTER POINT IS A LESS THAN SUBTLE CRITICISM OF THE APPROACH THE GOI HAS TAKEN ON SETTLEMENT ON THE WEST BANK UP TO NOW. MORE OFTEN THAN NOT, THE GOVERNMENT HAS REACTED TO THE INITIATIVES OF GUSH EMUNIM RATHER THAN SETTING DOWN ITS OWN SETTLEMENT POLICY.

3. THE GROUP ASSOCIATED WITH WEIZMAN IS ALSO OPPOSED TO THE FLAMBOYANT SORT OF SETTLEMENT-RELATED ACTIVITIES UNDERTAKEN BY SHARON. ALTHOUGH THEY ADMIT THAT THE CABINET DID GIVE HIM A MANDATE FOR ACCELERATED SETTLEMENT CONSTRUCTION IN THE RAFAH APPROACHES, THEY NONETHELESS THINK THAT HE USED THIS OPPORTUNITY TO SET IN MOTION HIS OWN UNAPPROVED PROGRAM OF ESTABLISHING "AGRICULTURAL OBSERVATION POSTS" THROUGHOUT EASTERN SINAI. THE WEIZMAN-LED GROUP WOULD LIKE TO CURB SHARON IN THE FUTURE BY REQUIRING NOT ONLY PRIOR APPROVAL FOR IMPORTANT DECISIONS ON SETTLEMENTS, BUT ALSO IMPROVED COORDINATION  
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BETWEEN THE RELEVANT MINISTERS.

4. EHRlich AND PATT, ALTHOUGH RELATIVE DOVES, HAVE TENDED IN THE PAST TO AVOID GETTING OUT FRONT ON SENSITIVE FOREIGN POLICY ISSUES. NONETHELESS, EHRlich HAS SLOWLY BEEN ADOPTING A MORE ACTIVE ROLE AGAINST SHARON'S SETTLEMENT PROJECTS. IN LATE JANUARY EHRlich DEFERRED (INDEFINITELY) A REQUEST BY SHARON FOR A SUPPLEMENTAL APPROPRIATION FOR MORE SETTLEMENT ACTIVITY. ONE SOURCE HAS SUGGESTED TO US THAT EHRlich'S POLITICAL ADVISORS TOLD HIM THAT HE CAN ACT ACCORDING TO HIS OWN PRIVATE VIEWS SINCE PUBLIC OPINION IS TURNING AGAINST UNRESTRICTED SETTLEMENT ACTIVITY. ANOTHER INFLUENTIAL FACTOR IS THE IMPACT OF A MAJORITY OF LIBERAL MKS FOR A MORE MODERATE SETTLEMENT PROGRAM.

5. ANOTHER CONTACT, HOWEVER, BELIEVES EHRlich TO BE VULNERABLE POLITICALLY AND IN NEED OF ALL THE CABINET SUPPORT HE CAN MUSTER TO SHORE UP HIS OWN POSITION. THIS SOURCE CLAIMS THAT AFTER ALMOST FOUR MONTHS OF HIS "NEW ECONOMIC POLICY" THERE ARE FEW GAINS TO SHOW FROM THE EXPERIMENT--ONLY A GREATER RATE OF

INFLATION. SUCH EXPRESSIONS OF DISCONTENT WITH ISRAEL'S ECONOMIC MALAISE AND DISILLUSIONMENT WITH THE LIKUD GOVERNMENT'S FAILURE TO BEING PROMISED IMPROVEMENT ARE EXPECTED TO FOCUS ON EHRLICH, WHO HAS HAD A RELATIVELY FREE HAND IN ECONOMIC POLICY. IN CONSEQUENCE, EHRLICH WILL FIND IT VERY DIFFICULT TO OPPOSE BEGIN ON SETTLEMENTS OR TO GET OUT IN FRONT ON ANY DEVISIVE ISSUE IN THE CABINET.

6. AS FOR THE OTHER LIBERAL MINISTERS, NISSIM IS UNDECIDED AS OF NOW, BUT MAY BE INFLUENCED TOWARD THE MODERATE POSITION BY HIS FELLOW LIBERALS. MODAI IS CLOSE TO SHARON AND WANTS TO HOLD ON TO THE SINAI. HE THEREFORE FAVORS CONTINUED SETTLEMENT.  
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7. THE DMC MINISTERS HAVE ALL BUT COMMITTED THEMSELVES TO THE WEIZMAN LINE. YADIN TOLD THE DMC PARLIAMENTARY FACTION IN FEBRUARY 20 THAT HE SUPPORTS A CABINET RESOLUTION FREEZING NEW SETTLEMENT CONSTRUCTION. HE STRESSED THAT WHILE NOT OPPOSING SETTLEMENT IN PRINCIPLE, CURRENT REALITIES LEFT NO CHOICE BUT TO HOLD OFF ON SETTING UP NEW SETTLEMENT.

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-----130717 231441Z /40 R

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WHITE HOUSE IMMEDIATE  
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C O N F I D E N T I A L SECTION 2 OF 2 TEL AVIV 2465

2. THE CONSPICUOUS ADVOCATES OF NEW SETTLEMENT ACTIVITY ARE SHARON AND HAMMER. CLAIMING THAT EVERYTHING HE HAS DONE SO FAR IS ANCHORED IN CABINET DECISIONS, SHARON IS CALLING FOR AN EXTENSIVE SETTLEMENT PROGRAM IN ALL AREAS. HE ARGUES THAT SETTLEMENT WILL CONTRIBUTE TO THE SECURITY OF ISRAEL WITHOUT HAVING A NEGATIVE EFFECT ON THE NEGOTIATIONS WITH EGYPT. HAMMER BACKS SHARON'S LINE.

9. DAYAN IS TAKING A MIDDLE POSITION IN THE DEBATE. HE SUPPORTS SETTLEMENT IN PRINCIPLE IN AREAS ISRAEL INTENDS TO RETAIN BUT EXPRESSES RESERVATIONS ON THE SORT OF EDMONSTRATIVE OPERATIONS UNDERTAKEN BY SHARON IN JANUARY. WE NOTE THAT ACCORDING TO LEAKS FROM THE FEBRUARY  
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22 KNESSET FOREIGN AFFAIRS AND SECURITY COMMITTEE SESSION, DAYAN SUGGESTED THAT SETTLEMENT ACTIVITY IN THE RAFAH APPROACHES SHOULD CEASE FOR THE TIME BEING. REGARDING THE WEST BANK, DAYAN SAID THAT THE GOVERNMENT PLAN SHOULD BE COMPLETED, I.E., TWO ADDITIONAL SETTLEMENTS SHOULD BE ESTABLISHED IN THE COMING MONTHS. HURWITZ IS SAID TO MORE OR LESS SHARE DAYAN'S POSITION.

10.BEGIN'S STAND WILL BE CRUCIAL WHEN THE DEBATE ON SETTLEMENT POLICY CONTINUES ON FEBRUARY 27. WAITING TO SEE WHICH WAY HE GOES ARE LANDAU, SHOSTAK, LEVY, ABU HATZEIRA, BURG AND POSSIBLE ALSO DAYAN AND HURWITZ. BEGIN HAS SO FAR NOT DISCLOSED HIS POSITION. THE PRESS BELIEVES THAT HE WILL FAVOR A MORATORIUM ON NEW SETTLEMENT IN SINAI FOR THE DURATION OF THE NEGOTIATIONS WITH EGYPT. WE NOTE THAT BEGIN ALSO BACKED WEIZMAN IN LATE JANUARY ON HIS DECISION TO FREEZE THE SHARON-INSPIRED BULLDOZER ACTIVITY IN EASTERN SINAI. HOWEVER, BEGIN PROBABLY RECOGNIZES THAT BENEATH THE SURFACE OF THE SETTLEMENT ISSUE IS WHAT HAARETZ' ZE'EV SCHIFF TERMS A POWER STRUGGLE WITHIN THE CABINET. WEIZMAN, SHARON, AND DAYAN MAY WELL TRY TO USE THIS ISSUE TO WEAKEN THEIR RIVALS. ALL THIS RUNS COUNTER TO BEGIN'S DESIRE

TO ACHIEVE UNANIMITY AMONG HIS MINISTERS ON THIS  
ISSUE. IN ORDER TO RETAIN A SEMBLANCE OF CABINET UNITY,  
AND AVOID THE APPEARANCE OF A REBUKE OF ANY MINISTER  
BEGIN MAY WELL FIND HE HAS NO CHOICE BUT TO LEAVE THE  
CABINET'S RESOLUTION AMBIGUOUS AND OPEN TO INTER-  
PRETATION. IN PRACTICAL TERMS, HOWEVER, HE MAY TRY TO  
FIND A DE FACTO APPROACH TO SUSPENDING NEW SETTLE-  
MENTS FOR A WHILE BY REQUIREING A SPECIFIC CABINET  
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GO-AHEAD FOR SUCH ACTIVITIES. IN ANY CASE,  
THE VOTE MAY BE CLOSER THAN PRESS OBSERVERS  
BELIEVE AND THAT A NUMBER OF COMPROMISES COMPLETELY  
SATISFYING NO ONE MAY ULTIMATELY RESULT FROM THE  
CABINET'S SETTLEMENT DEBATE.

1. COMMENT BY AMBASSADOR: I AGREE GENERALLY WITH THE  
ABOVE, BUT AM A BIT MORE OPTIMISTIC ABOUT THE PROBABLE  
OUTCOME. BEGIN WILL INDEED BE THE KEY. HE NEEDS TO  
SHORE UP HIS POSITION WITH THE AMERICAN PUBLIC AND WITH  
AMERICAN JEWISH LEADERS BEFORE HIS TRIP TO THE US.  
HE WILL ALSO WANT TO PUT HIS POSITION ON PEACE NEGOTIATIONS  
IN A MORE FAVORABLE LIGHT PRIOR TO HIS WASHINGTON  
MEETINGS. AND HE WILL NOT WANT TO UNDERCUT  
WEIZMAN'S POSITION OR SPLIT OPENLY WITH HIM AT THIS  
DELICATE POLITICAL MOMENT. FOR ALL THESE REASONS, I  
BELIEVE BEGIN WILL COME DOWN IN FAVOR OF A TEMPORARY  
SUSPENSION OF NEW SETTLEMENT ACTIVITY, AT LEAST IN SINAI,  
WITHOUT ABANDONING HIS CLAIM TO THE RIGHT TO SETTLE IN  
THE WEST BANK. LEWIS

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CABINET, LAND SETTLEMENT, FOREIGN POLICY POSITION, MILITARY OCCUPIED AREAS  
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**Copy:** SINGLE  
**Draft Date:** 23 feb 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
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**Page Count:** 5  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 44824, 78 TEL AVIV 2308, 78 TEL AVIV 2256  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 25 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3498738  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014